

Message Text

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TO AMEMBASSY AMMAN IMMEDIATE

C O N F I D E N T I A L STATE 059039

FOR AMBASSADOR

E.O. 11652: GDS

TAGS: MASS, PFOR, JO, US

SUBJECT: SPRING 1977 JMC MEETING

JOINT STATE/DEFENSE MESSAGE

REF: (A) MAP/AMMAN 688, (B) AMMAN 1271, (C) SECDEF 250008Z
FEBRUARY 1977

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1. OUR RELUCTANCE TO HOLD A JMC MEETING IN APRIL AS PROPOSED BY JAF DOES NOT RPT NOT STEM SOLELY FROM THE BURDENS IT WOULD PLACE ON SENIOR U.S. PARTICIPANTS. IT STEMS PRIMARILY FROM OUR GENUINE CONCERN OVER THE ADVERSE EFFECTS SUCH A MEETING IS LIKELY TO PRODUCE IF HELD UNDER EXISTING CONDITIONS -- CONDITIONS THAT WOULD COMPEL DOD TO RAISE
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CERTAIN UNPLEASANT FINANCIAL ISSUES AND INJECT AN ATMOSPHERE OF ACUTE EMBARRASSMENT INTO PREVIOUSLY HARMONIOUS JMC PROCEEDINGS. CHIEF AMONG THESE ISSUES ARE:

(A) THE MATTER OF THE DOLS 140 MILLION WHICH THE SAUDIS MISTAKENLY SENT TO THE JORDANIANS AND WHICH THEY, IN TURN, REPORTEDLY "SPENT." SINCE, AS NOTED PARA 4 REFTTEL

C, RESOLUTION OF THIS PROBLEM IS OUTSIDE THE PURVIEW OF THE JMC, DISCUSSION OF IT IN THAT FORUM WOULD SERVE NO USEFUL PURPOSE AND MIGHT EASILY PROVOKE UNPRODUCTIVE EXCHANGES.

(B) JORDAN'S FAILURE TO OBTAIN A THIRD-PARTY CO-SIGNATURE ON THE FY-76 FMS FINANCING AGREEMENT. THIS HAS RESULTED IN CERTAIN OVERDUE FMS CASH CASES, WHICH AT THE OCTOBER 1976 JMC SESSION WE AGREED TO TRANSFER INTO THE FY-76 FMS FINANCING PROGRAM, BECOMING AN ADDITIONAL FIVE MONTHS OVERDUE. FAILURE TO MEET THEIR FMS PAYMENT SCHEDULES, WHICH HAS TAKEN ON SIGNIFICANTLY GREATER IMPORTANCE UNDER THE NEW FMS LEGISLATION, HAS PLACED THE JORDANIANS MORE THAN DOLS 62.9 MILLION IN ARREARS; BY MARCH 31, THIS ARREARAGE WILL INCREASE BY AN ADDITIONAL DOLS 10 MILLION. MAJOR ITEMS (TRUCKS AND C-130 AIRCRAFT) VALUED AT MORE THAN DOLS 28 MILLION WERE DELIVERED AS MUCH AS A YEAR AGO, BUT NO PAYMENT HAS YET BEEN RECEIVED. (THIS INVOLVES PART OF JAF'S PROCUREMENT OF 2,140 TRUCKS COSTING APPROXIMATELY DOLS 50 MILLION.)

2. UNDER THESE CIRCUMSTANCES, U.S. REPRESENTATIVES IN THE JMC COULD NOT AVOID RAISING THE SPECTER OF DEFAULT, SOMETHING WHICH NO RECIPIENT COUNTRY HAS EVER EXPERIENCED UNDER OUR FMS PROGRAMS. DOD BELIEVES THAT ONCE THIS ISSUE WAS RAISED, AND IF IMMEDIATE PAYMENT WERE NOT THEN OFFERED BY THE JAF, WE WOULD BE FORCED TO PROCEED WITH RESTRUCTURING OF OUR FY-77 GRANT AID (MAP) PROGRAM FOR JORDAN. UP TO DOLS 50 MILLION IN THAT PROGRAM WOULD HAVE TO BE REPROGRAMMED AND RELEASED TO THE U.S. MILITARY DEPARTMENTS CON-

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CERNED. THE DOLS 50 MILLION THUS APPLIED, COUPLED WITH JAF'S RECENT TRANSFER OF DOLS 14 MILLION TO DOD TO COVER ITS LONGEST-STANDING ARREARAGES (MAP/AMMAN 681), WOULD RESTORE OUR MILITARY SUPPLY PROGRAMS IN JORDAN TO A FAIRLY SOUND FISCAL STATUS, BUT ONLY FOR THE TIME BEING. THIS TEMPORARY SOLUTION WOULD STILL LEAVE THE DOLS 140 MILLION PROBLEM UNRESOLVED AND VIRTUALLY PREEMPT OUR GRANT MAP AID FOR JORDAN IN FY-77.

3. WE FEEL SURE THE JAF WOULD NOT WISH TO SEE SUCH RESULTS EMERGE FROM A JMC MEETING, BUT THEY ARE LIKELY TO HAPPEN IF SUCH MEETING IS HELD IN APRIL. THEY WOULD CAUSE EMBARRASSMENT ON ALL SIDES IMMEDIATELY BEFORE THE KING'S VISIT AND COULD AFFECT HIS TALKS WITH THE PRESIDENT. THERE IS ALSO THE POSSIBILITY OF ADVERSE PUBLICITY IN THE EVENT THAT THE ISSUE OF DEFAULT BECAME PUBLICLY KNOWN.

4. CONTRARY TO YOUR ASSUMPTION PARA 2B REF B, DOD ACTIONS TO RESTRUCTURE JORDAN'S FY-77 MAP PROGRAM WOULD NOT RPT

NOT REQUIRE JAF PARTICIPATION, SINCE THEY WOULD ENTAIL ADMINISTRATIVE MEASURES CANCELLING OVERDUE FMS CASES AND PREPARING MAP ORDERS TO REPLACE THEM. WE WOULD START WITH THE OLDEST CASES AND FUND FORWARD UNTIL ALL CLAIMS ARE

SATISFIED OR UNTIL WE HAVE EXHAUSTED JORDAN'S MAP ACCOUNT (WHICHEVER OCCURS FIRST), AT THE SAME TIME CANCELLING ALL REMAINING FMS CASES STILL OPEN. PREPARATIONS TO INITIATE THESE ACTIONS HAVE ALREADY BEGUN.

5. IN ORDER TO AVOID PRECIPITATING SUCH ACTIONS AND COMPLICATING U.S.-JORDANIAN RELATIONS, WE BELIEVE THAT NO RPT NO FORMAL JMC MEETING SHOULD TAKE PLACE UNTIL LATER THIS YEAR. THIS WOULD AFFORD JAF MORE TIME AND MAXIMUM FLEXIBILITY TO WORK OUT THE PROBLEMS MENTIONED ABOVE AND IMPROVE THEIR FINANCIAL SITUATION. IN PAST, U.S. REPRESENTATIVES IN THE JMC HAVE ALWAYS MANAGED TO HAVE A FEW
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FAVORABLE CONCESSIONS TO MAKE TO JAF AND/OR SOME GOOD NEWS TO ANNOUNCE. WE WILL HAVE NOTHING RPT NOTHING IN EITHER CATEGORY TO CONVEY TO JAF AT AN APRIL JMC SESSION.

6. NOR WILL WE HAVE ANY SUBSTANTIVE EQUIPMENT-SUPPORT-TRAINING ISSUES TO DISCUSS. THE MAJOR ONGOING ARMY PROGRAM, I-HAWK/VULCAN, IS BEING MANAGED VERY CLOSELY WITH JORDANIAN PARTICIPATION. THE SOLE AIR FORCE PROGRAM OF ANY SIZE AND COMPLEXITY, THE F-5 PROGRAM, IS ON TRACK. THERE ARE NO OTHER EXISTING ISSUES THAT MERIT HIGH-LEVEL CONSIDERATION IN THE JMC CONTEXT. WE CANNOT AGREE WITH YOUR SUGGESTION (PARA 2C, REF B) THAT DOD INTEREST SHOULD FOCUS ON THE APPROPRIATENESS OF INDIVIDUAL LINE ITEMS AND CURRENT PRICE AND AVAILABILITY DATA IN THE JMC. PRIOR EXPERIENCE HAS PROVEN REPEATEDLY THAT THE JORDANIANS SEIZE ON P AND A DATA GIVEN AT THESE SESSIONS AND SUBSEQUENTLY ATTEMPT TO HOLD US TO THEM. THESE DATA CAN BE NO MORE THAN ROUGH ESTIMATES PRIOR TO FORMAL CONTRACT NEGOTIATIONS WITH THE U.S. CONTRACTOR. (SUCH NEGOTIATIONS CANNOT BE INITIATED WITHOUT FORMAL, SPECIFIC REQUESTS AND FUNDING FROM THE JORDANIANS.) GIVEN JORDAN'S CURRENT FINANCIAL STATUS, WE CANNOT NOW ENTERTAIN OR ENCOURAGE JORDANIAN REQUESTS FOR ADDITIONAL EQUIPMENT.

7. SINCE THE NEW ADMINISTRATION'S ARMS TRANSFER POLICIES ARE NOT YET SPECIFICALLY ENUNCIATED, WE HAVE NO INDICATION OF THE EXTENT TO WHICH USG MAY SUPPORT THE NEW JAF FIVE-YEAR PLAN. FYI- NO FMS CASES MEETING THE CONGRESSIONAL NOTIFICATION THRESHOLD HAVE BEEN PASSED TO THE CONGRESS FOR REVIEW SINCE JANUARY 20. END FYI.

8. FURTHER, MR. DAVID MCGIFFERT IS JUST COMING ON BOARD AS THE NEW ASD/ISA. AN APRIL JMC MEETING WOULD PLACE HIM IN THE DIFFICULT POSITION OF HOSTING AND CHAIRING A SERIES OF BUSINESS AND SOCIAL EVENTS DURING HIS TRANSITION PERIOD WHEN HIS CALENDAR WILL BE PARTICULARLY TIGHT.
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9. IN VIEW OF FOREGOING, WE HOPE YOU WILL SUCCEED IN GETTING OUR MESSAGE ACROSS TO THE JORDANIANS IN FRIENDLY, BUT DEFINITE TERMS, CONVINCING THEM THAT IT IS BEST TO POSTPONE THE JMC AND THAT WE DO NOT MEAN TO SIGNAL ANY CHANGE IN U.S. POLICIES TOWARD JORDAN. ON CONTRARY, WE WISH VERY MUCH TO AVOID AN UNPRODUCTIVE AND POSSIBLY UNHARMONIOUS MEETING THAT MIGHT DETRACT FROM KING HUSSEIN'S IMPORTANT VISIT TO THE U.S. NEXT MONTH. ONCE THE JAF HAVE HAD MORE TIME TO PLACE THEIR FINANCES ON A SOUNDER FOOTING, WE WILL OF COURSE WANT TO DISCUSS WITH THEM THE TIMING AND VENUE OF A MEANINGFUL, PRODUCTIVE JMC SESSION MORE IN KEEPING WITH THE SPIRIT OF CAMARADERIE AND CLOSE COOPERATION THAT HAS TRADITIONALLY CHARACTERIZED U.S.-JORDANIAN MILITARY RELATIONS.

10. IF, AFTER YOU HAVE IMPRESSED THESE CONSIDERATIONS ON CINC BIN SHAKER AND HIS AIDES AS FORTHRIGHTLY AND SYMPATHETICALLY AS POSSIBLE, THEY STILL INSIST ON HOLDING A JMC MEETING IN APRIL, YOU ARE AUTHORIZED TO EXPRESS OUR WILLINGNESS TO RECEIVE BIN SHAKER FOR INFORMAL TALKS WITH APPROPRIATE DOD OFFICIALS IN WASHINGTON IN THE DAYS IMMEDIATELY PRECEDING KING HUSSEIN'S VISIT. YOU WOULD OF COURSE HAVE TO MAKE CLEAR THAT SUCH INFORMAL TALKS COULD IN NO WAY BE CONSTRUED AS CONSTITUTING A FORMAL JMC SESSION AND WOULD NOT ENTAIL THE OFFICIAL ATTENTION AND FORMALITIES ASSOCIATED WITH THE JMC FORUM.
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